



# *Frequently Asked* Questions on **Net Metering**

Did you know that Net Metering could save you money on your electric bill? Here are some answers to *Frequently Asked Questions* on how net metering works and what it could mean for you.

## **Q** What is Net Metering?

Net Metering measures the difference between the electricity you buy from your utility and the electricity your solar or wind system generates and feeds back to the electric grid over a 12-month period. Your meter keeps track of this “net” difference as your system generates electricity or uses electricity from the transmission grid. When you generate more than you use, your electric meter spins backward!

## **Q** Am I eligible?

You are eligible for Net Metering if you are an electricity customer in California and generate at least some of your electricity using solar or wind energy, or a combination of both, with a system capacity of one megawatt or less. Your electric generating system must be located on your premises and connected to the grid.

All electric utilities in California are required to offer “**net metering**” to their electric customers. Check with your local utility for more information on their “**net metering**” program.

## **Q** How does Net Metering work?

Net Metering is a special metering and billing agreement between you and your electric utility. Normally your electric meter spins forward as it measures how many kilowatt-hours of electricity you buy, and is read by your utility monthly.

A Net Metering agreement allows you to use the electricity you generate first, reducing what you would normally buy from your electric utility. If you generate more electricity than you use, the excess goes through your electric meter and into the grid, spinning your meter backward. Your meter records the net amount, measured as the difference between the electricity your system generates and the electricity you purchase from your electric utility.

## **Q** What are the benefits of Net Metering?

Net Metering is a simple way to get the full value of the electricity you generate. For example, if you are a residential customer, you may not be home during the day when your system generates electricity. Net Metering allows you to “bank” this excess electricity on the grid, reducing or offsetting the electricity you would otherwise have to purchase.

Net Metering reduces the amount of electricity consumed at the higher rate above the “baseline” rate. The baseline is a set amount of electricity for your home or business; you are charged a lower rate for each kilowatt-hour of electricity you consume below the baseline, and a higher rate above it. A properly sized system can offset most of your electricity needs. You are charged a lower rate for the electricity you purchase from your utility if your annual net consumption falls at or below baseline.

The Net Metering law has been expanded to allow “time of use” agreements that place a higher dollar value on electricity during peak times of high demand, such as on weekdays from noon to 6 p.m. during summer months. This could mean savings for you if your excess generation occurs during peak hours, and your electricity use occurs mostly during off-peak or partial off-peak hours. If you generate more than you use during the afternoon, the electricity you put on the grid is valued at a higher price than electricity you consume in the late evening or early morning.

Net Metering offers additional benefits, depending on the size of your generating system. If you purchase a smaller, less expensive system, you could still offset most or all of your electricity bill because of the higher value of your excess electricity. If you purchase a larger system, you could “bank” your excess electricity on the grid and offset all of the electricity you would otherwise purchase from your electric utility.

## **Q** How will I be billed under Net Metering?

Your utility will continue to read your meter monthly. Under a Net Metering agreement, you will receive a monthly statement indicating the net amount of electricity you consumed or generated during that billing period.

On the anniversary of your agreement, you will be billed for the net electricity you consumed for the previous twelve months. You may request the option of monthly billing.

Your utility is not required to pay you or credit your account for your excess generation each year. Contact your utility to discuss their policy and rates for purchasing excess generation.

## **Q What size should my generating system be?**

To be eligible for a Net Metering agreement in California, electric generating systems cannot have a peak power output of more than one megawatt. Although a minimum size is not required, most residential systems range between two and four kilowatts. As long as your total system output is not greater than one megawatt, this modular approach is allowable.

## **Q Can I use my current electric meter?**

Most residential and small commercial customers have simple meters that are bi-directional, capable of turning in both directions. Some electric utilities may want two meters for net metering, one to measure electricity going from the grid to your home or business, and one to measure the excess going from your system to the grid. If your electric utility wants two, uni-directional meters, they must pay for them, *not you*. If you enter into a time-of-use billing agreement, you must purchase a bi-directional time-of-use meter. Contact your electric utility for more information.

## **Q How do I sign up?**

It's simple. Contact your electric utility and ask about Net Metering. You and your utility must enter into an Interconnection Agreement, which will outline the requirements for safely connecting your generating system to the grid. Your electric utility is required to process Interconnection Agreement requests within 30 working days from the date your utility receives the completed application.

### **When connecting the system to your grid, your utility cannot:**

- ☐ Require you to purchase or pay for any meters beyond the simple, bi-directional meter that you probably already have, with the exception of time-of-use meters.
- ☐ Impose any requirements, standards, or tests on your system if it meets existing national standards for grid-interconnected systems.
- ☐ Require you to purchase any additional insurance.

## **Other common questions about Net Metering**

**Q** If my generating system produces more electricity than I need, is my electric utility required to buy it from me?

**A** No. Utilities may, but are not required to purchase any excess electricity you produce. State law says that they do not have to buy your net generation.

**Q** Will I have to pay for special meters, inspections or fees to get my system hooked up to the grid?

**A** You are only responsible for having a simple, bi-directional meter, the type you probably already have, unless you decide to purchase a time-of-use meter. If your generating system meets national safety and performance standards, you cannot be charged for additional tests, certifications or fees.

**Q** Will the electricity I might still need to buy from a utility cost me more than before I became a Net Metered customer?

**A** No, your utility **cannot** charge you more for electricity because you are a Net Metered customer, and no charges can be imposed on the electricity you generate.

## **Q How can I get more information?**

Helpful information and other materials about renewable energy are available from:

### **California Energy Commission**

Call Center: (800) 555-7794 or  
(916) 654-4058 for callers outside California  
E-mail: [renewable@energy.state.ca.us](mailto:renewable@energy.state.ca.us)  
[www.consumerenergycenter.org](http://www.consumerenergycenter.org)

State of California  
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